

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 INT-05 OES-03

FEA-01 /099 W

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R 302245Z SEP 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2935

C O N F I D E N T I A L BUENOS AIRES 6570

E.O. 11652: GDS

TAGS: EFIN, AR

SUBJECT: U.S.COMMERCIAL BANK EXTERNAL FINANCING FOR ARGENTINA

PASS TREASURY, COMMERCE

REF: STATE 215465

EMBASSY HAS TAKEN BRIEF SOUNDINGS WITH LOCAL BANKS RE STATUS
EXTERNAL CREDIT NEGOTIATIONS. FOLLOWING ARE RESULTS:

1. CHEMICAL BANK, BANK OF BOSTON, BANK OF AMERICA GRAIN
EXPORT FINANCING: OPERATION INVOLVES REVOLVING CREDITS TO
FINANCE GRAIN EXPORTS. DISBURSEMENTS BASED ON GRAIN (WHEAT,
CORN AND SORGHUM) IN STORAGE. CHEMICAL BANK REPORTS MAJOR
FACTOR WHICH HAS IMPEDED FIRST TRANCHE DISBURSEMENT HAS
BEEN GOA FAILURE SUPPLY DATA RE CURRENT GRAIN IN STORAGE.
HOWEVER, REPORTEDLY CHEMICAL BANK WENT AHEAD WITH \$50 MILLION
DISBURSEMENT AROUND SEPTEMBER 29 ANYWAY. NEXT MAJOR TRANCHE
DISBURSEMENT LIKELY AROUND DECEMBER WHEN 1975/1976 WHEAT CROP
ENTERS STORAGE. AMOUNT AND TIMING OF LOANS WILL DEPEND ON
FUTURE COURSE OF GRAIN EXPORTS.

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2. CHASE, FIRST NATIONAL CITY BANK, MORGAN GUARANTY CONSORTIUM:
TOTAL AMOUNT OF LOAN \$150 MILLION. ABOVE THREE SYNDICATE
LEADERS WOULD SUBSCRIBE ABOUT \$75 MILLION, WITH OTHER BANKS
SUBSCRIBING THE REST. NEGOTIATION AND REALIZATION OF SYNDICATE
DEPENDENT OUTCOME IMF NEGOTIATIONS. MEANWHILE, SYNDICATE LEADERS
PROVIDING IMMEDIATE RELIEF. FNCB ALREADY HAS ADVANCED CENTRAL
BANK \$25 MILLION, ITS SHARE IN SYNDICATE, AND HAS AGREED
ROLL OVER ABOUT \$50 MILLION IN DEBT DUE OVER NEXT FEW MONTHS.
IT MAY TRY TO PLACE \$50 MILLION GOA EXTERNAL BONDS WITH
CLIENTS ON BEST EFFORTS BASIS. CHASE ALSO HAS ADVANCED GOA
NEW MONEY, AS WELL AS AGREEING ROLL OVER IMMEDIATELY FORTHCOMING
DEBT. CHASE REP SAYS ECONOMY MINISTER HAS PROVIDED FORMAL COMMIT-
MENT RESOLVE CHASE'S INVESTMENT PROBLEM HERE.

3. MANUFACTURERS HANOVER TRUST/BANKERS TRUST CONSORTIUM LOAN
TO ARGENTINE BANK ASSOCIATION (ADEBA) AND TO ASSOCIATION OF
ARGENTINE BANKS OF INTERIOR (ABIRA): TOTAL AMOUNT OF LOAN \$70
MILLION TO ABOVE PRIVATE BANK ASSOCIATIONS. NEGOTIATIONS WITH
IMF. BANKERS TRUST REP SAYS NEGOTIATION OF SYNDICATE INITIATED
WITH SUBSCRIPTION TALLING \$40 MILLION OBTAINED THUS FAR
AS FOLLOWS: HANOVER TRUST \$15 MILLION, BANKERS TRUST \$10 MILLION,
REPUBLIC NATIONAL BANK \$5 MILLION, BANK OF NEW YORK \$5 MILLION,
PHILADELPHIA NATIONAL BANK \$5 MILLION. HE ADDS MANY BANKS HAVE
DECLINED JOIN SYNDICATE, AND RAISING ADDITIONAL \$30 MILLION
MAY BE DIFFICULT.

COMMENT: BASED THESE DISCUSSIONS, ARGENTINA COULD RECEIVE UP
TO MAXIMUM ABOUT \$400 MILLION THIS YEAR FROM THESE OPERATIONS,
OF WHICH ABOUT \$100 MILLION ALREADY DISBURSED IN ADVANCE.
RECEIPT OF REMAINDER CLOSELY LINKED SUCCESSFUL OUTCOME NEGOTIA-
TIONS WITH IMF. CENTRAL BANK STILL MAKING FINANCIAL ENDS MEET,
BUT IT IS TOUCH AND GO UNTIL IMF CREDITS APPROVED AND DISBURSED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, BANK LOANS, NEGOTIATIONS, CREDIT AUTHORIZATIONS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS06570
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750339-0821
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975092/aaaaabmu.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 215465
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by SmithRJ>; APPROVED <15 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S.COMMERCIAL BANK EXTERNAL FINANCING FOR ARGENTINA PASS TREASURY, COMMERCE
TAGS: EFIN, AR, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006